

IN OUR HANDS



AGRANA Beteiligungs-AG
Annual results 2013|14
Press conference

9, May 2014



— In our Hands

At AGRANA, the globally operating processor of agricultural raw materials, an average of about 8,800 pairs of hands in the Sugar, Starch and Fruit business segments work for the **economic future** of the Group.



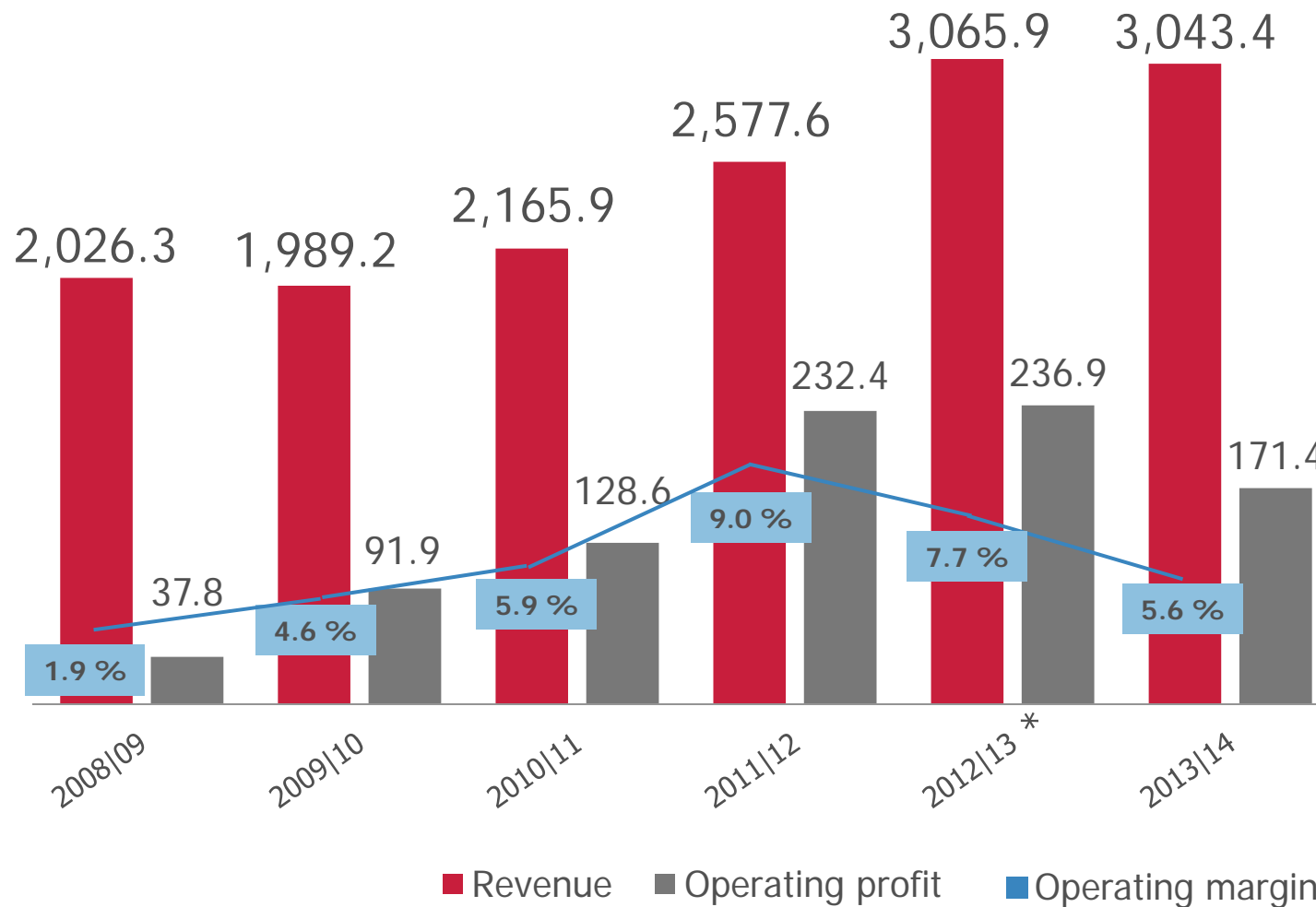
In going about our work, it is important to us to consider the **environmental** impacts of our actions and honour our **social responsibility** to employees, colleagues and fellow citizens. This is a daily balancing act which, especially in a demanding business environment, requires dedication and a deft touch.



— Key financials 2013|14

- **Revenue** of € **3,043.4** million again surpassed **3- billion** mark
- **Decrease in operating profit** before exceptional items, to € **171.4 million** (prior year: € 236.9 million)
- **Operating margin** of 5.6 % (prior year: 7.7 %)
- **Positive net of exceptional items** of € **3.9 million** (prior year: net expense of € 19.1 million)
- **Stronger equity ratio** of 48.6 % (prior year: 47 %)
- Improved gearing of 34.4 % (prior year: 39.9 %)
- Successful production of wheat starch plant in Pischelsdorf, Austria
- **Proposed dividend** of € **3.60** per share, as in prior year

Revenue-, profit- and margin development



* The prior-year data have been restated under IAS 8 in conjunction with IAS 19 (Employee Benefits, Revised 2011)

measured by revenue

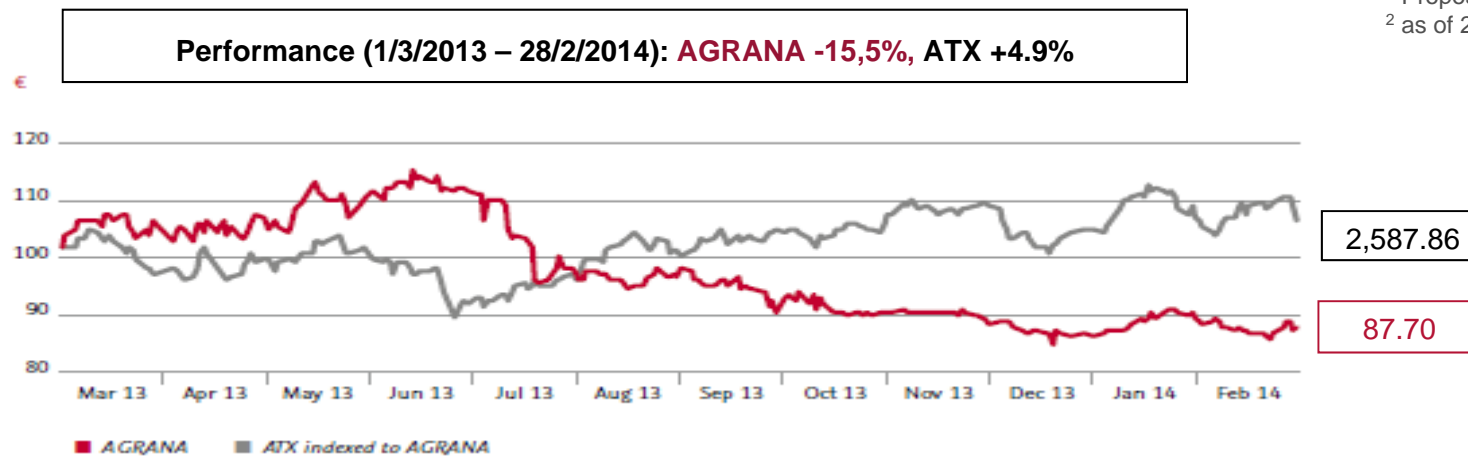


AGRANA share in 2013|14

Steady dividend policy

Dividend yield: **4.1%**¹ P/E ratio: **11.5**¹ Market capitalisation: **€ 1,245.5**² m

¹ Proposal to AGM
² as of 28 Feb 2014



STEADY DIVIDEND POLICY

	2013 14	2012 13	2011 12
Dividend per share	€ 3.60 ¹	€ 3.60	€ 3.60
Dividend yield ²	4.10%	3.55%	4.29%
Dividend payout ratio	47.37% ¹	34.22%	33.55%

¹ Proposal to the Annual General Meeting.

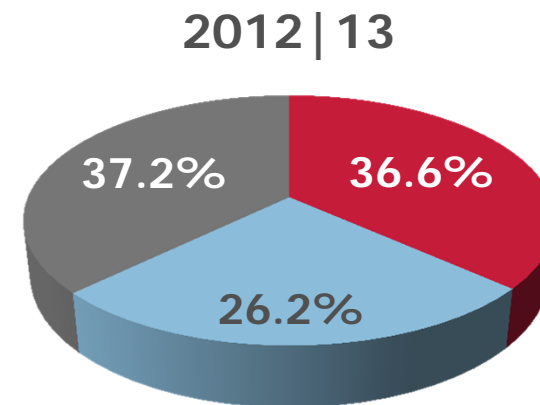
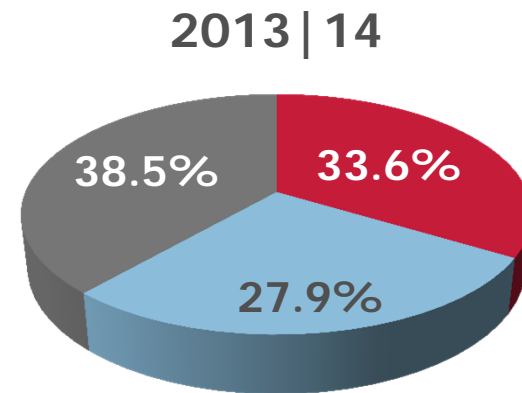
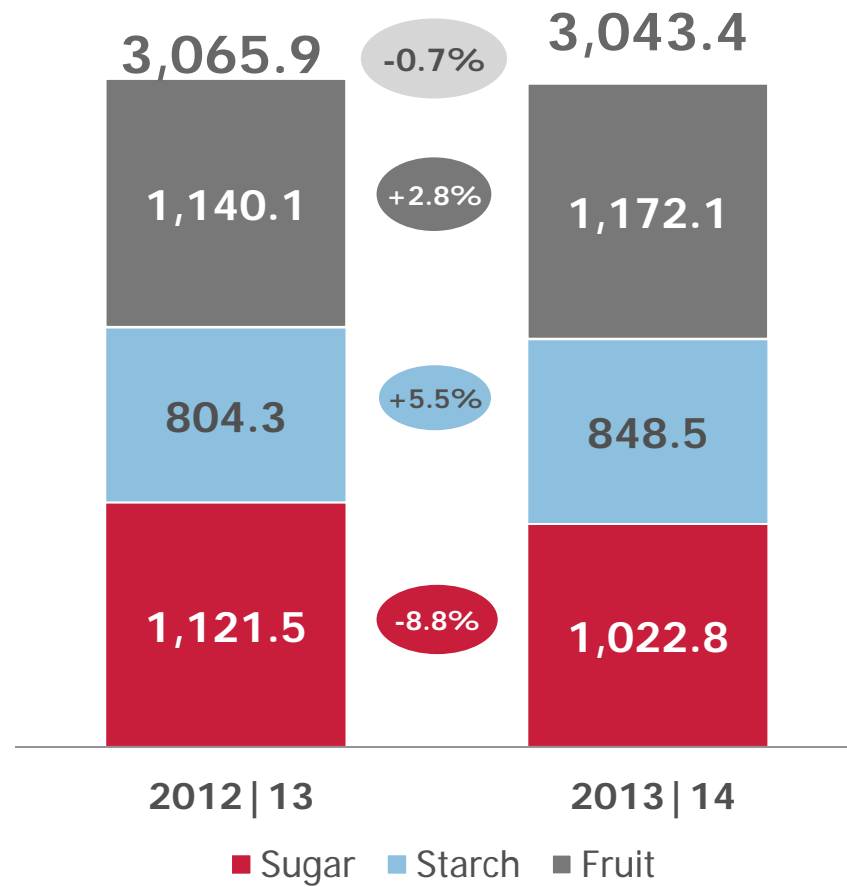
² Based on the closing share price at the balance sheet date.



Revenue by segment

2013|14 FY

€m

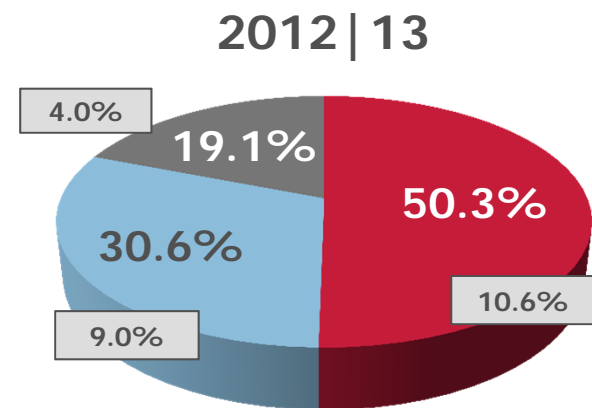
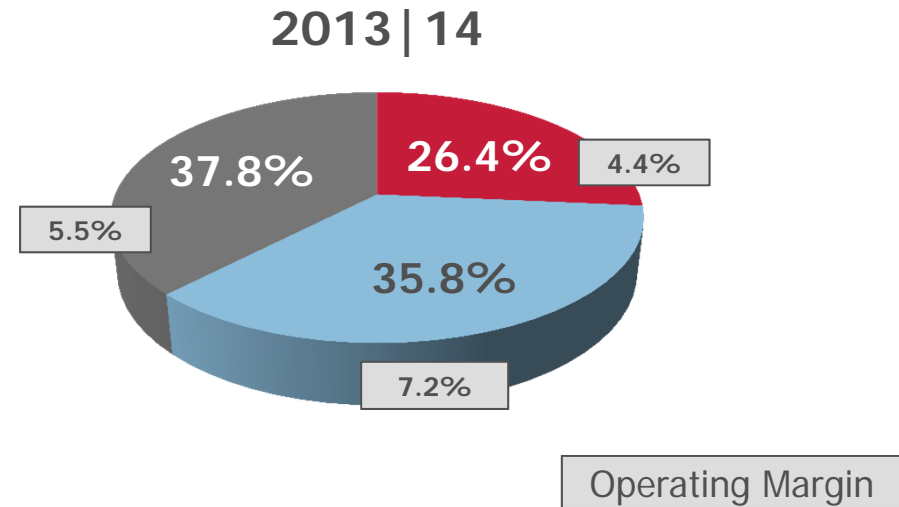
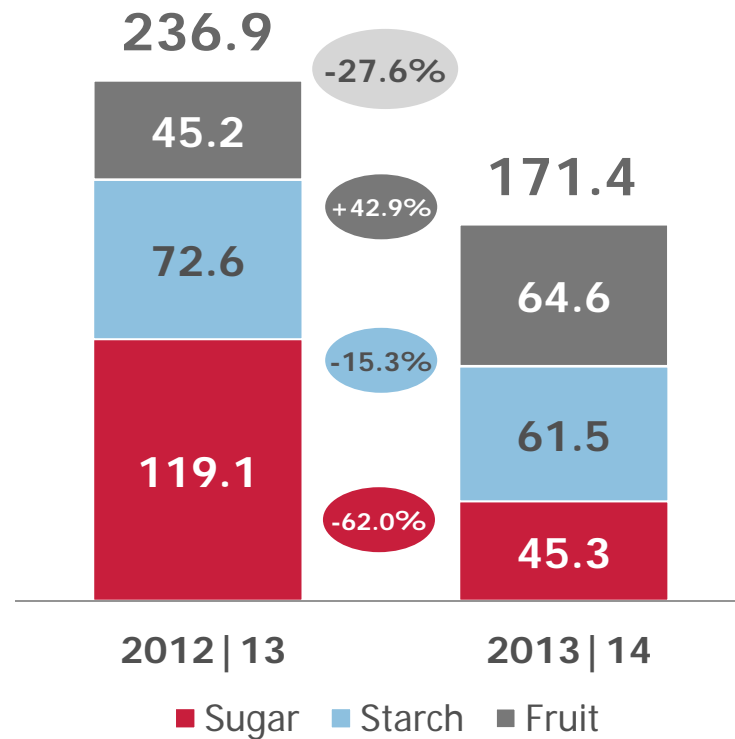




Operating profit by segment

2013|14 FY

€m





CONSOLIDATED
FINANCIAL
STATEMENTS
2013|14



— Consolidated income statement

€m (condensed)	2013 14	2012 13 ¹	change
Revenue	3,043.4	3,065.9	-0.7%
Operating profit before except. items	171.4	236.9	-27.6%
Exceptional items	3.9	(19.1)	> +100%
Operating profit after exceptional items	175.3	217.9	-19.6%
Net financial items	(27.2)	(27.7)	+1.8%
Profit before tax	148.1	190.2	-22.1%
Income tax (expense)	(38.4)	(33.7)	-13.9%
Profit for the period	109.8	156.5	-29.8%
Attributable to shareholders of the parent	107.9	149.4	-27.8%
Earnings per share (€)	7.60	10.52	-27.8%
Dividend	3.60 ²	3.60	0.0%

¹ The prior-year data were restated under IAS 8 ² Proposal to AGM



IFRS 11: Equity instead of rate

— accounting from 2014|15

- IFRS 11 (Joint Arrangements) application is mandatory from the new 2014|15 financial year
- The transition to the equity method of accounting **will have impacts particularly on** the reporting of **sales revenue, operating profit before exceptional items and operating profit after exceptional items**
- Companies (**West Balkans group and HUNGRANA**) will no longer be included in revenue and operating profit
- Therefore, in future (Guidance-) focus on the EBIT

AGRANA-Group in million €	2013 14 published	IFRS 11 restatement	2013 14 restated
Revenue	3,043.4	-201.7	2,841.7
Operating profit	171.4	-36.6	134.8
Share of profit of associates	0.0	+28.4	28.4
EBIT	175.3	-8.3	167.0
Profit for the period	109.8	-	109.8



— Consolidated balance sheet

€m (condensed)	28 February 2014	28 February 2013 ¹
Non-current assets	1,119.8	1,097.9
Current assets	1,332.3	1,480.5
<i>Total assets</i>	<i>2,452.1</i>	<i>2,578.4</i>
Equity	1,192.7	1,211.9
Non-current liabilities	417.9	519.5
Current liabilities	841.4	847.0
<i>Total equity and liabilities</i>	<i>2,452.1</i>	<i>2,578.4</i>
Equity ratio	➔ 48,6%	47.0%
Net debt	410.6	483.7
Gearing	➔ 34,4%	39.9%

¹ The prior-year data were restated under IAS 8



— Consolidated cash flow statement

€m (condensed)	2013 14	2012 13
Operating cash flow before change in working capital	196.2	256.3
(Gains) on disposal of non-current assets	(1.1)	(0.7)
Change in working capital	88.1	(50.9)
Net cash from operating activities	283.2	204.8
Net cash (used in) investing activities	(131.1)	(136.9)
Net cash (used in) financing activities	(142.6)	(21.6)
<i>Net increase in cash and cash equivalents</i>	<i>9.5</i>	<i>46.3</i>



CAPEX evolution

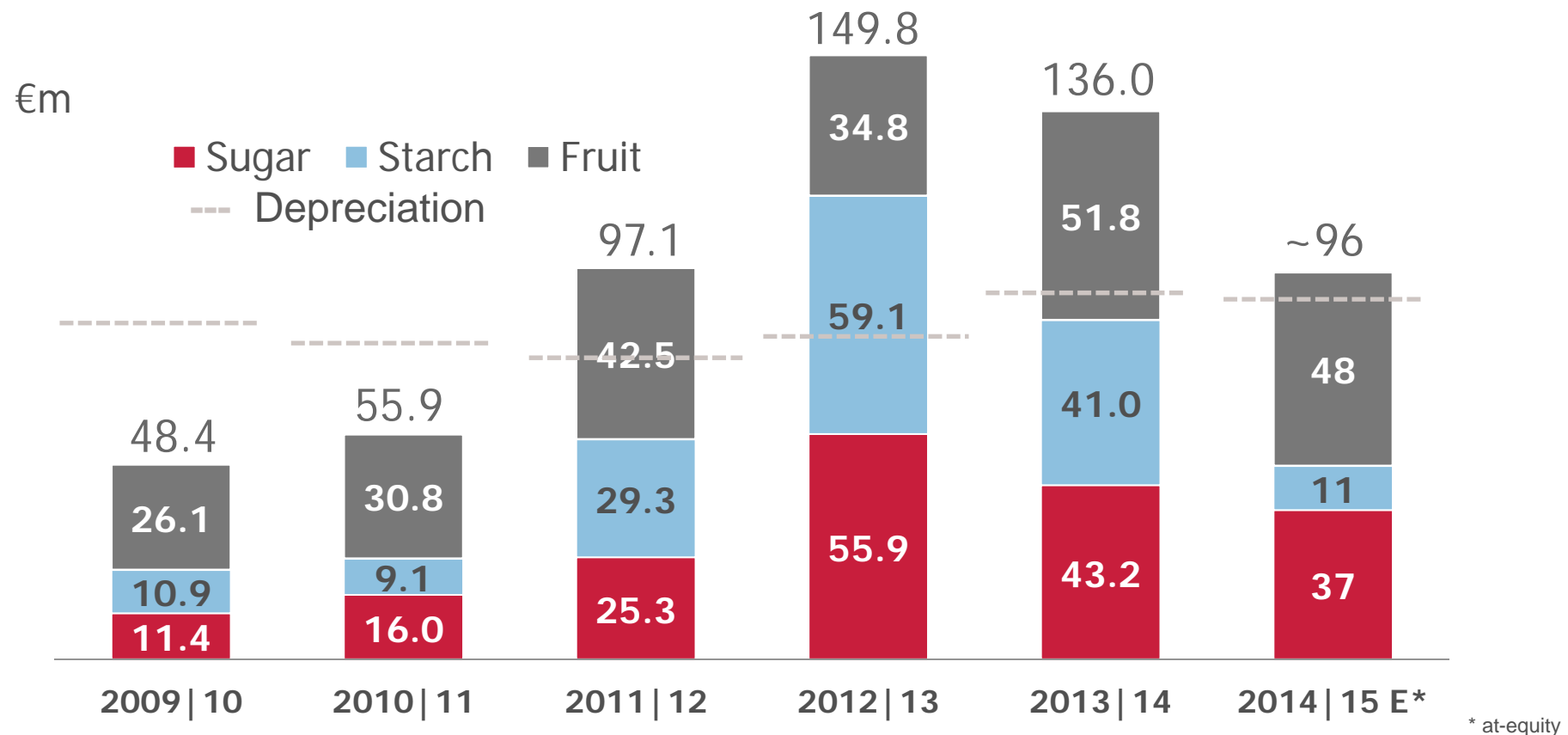
Investment for sustainable growth

2013|14 FY:

SUGAR: improvements in logistics (Hungary and Romania)

STARCH: particularly wheat starch plant and energy efficiency measures in (Pischelsdorf)

FRUIT: new US fruit preparations plant in the USA, (Lysander/N.Y.)





SALE, PURCHASE RAW MATERIALS & LOGISTICS



SUGAR



— Segment sugar

Market environment

- Global harvest with about 181 million t higher than consumption of 176 million t
- Further stabilization of the global sugar stocks expected
- Price pressure with 3-year-low in January 2014; thereafter end of the downside trend due to negative weather effects in South America
- Expiry of the sugar market regime (ZMO) 2017

Distribution

- Difficult market situation with continuously declining selling prices due to oversupply of sugar in Europe
- Long-term partnerships stabilize sales
- Protection of AGRANA markets by sales increases in Eastern European retail and wholesale



— Segment sugar

Raw materials

- 2013: Increase the contracted acreage (AT, HU, CZ, SK, RO)
- 2014: slight decrease of the contracted acreage (-1 %)
- 2014: early start of vegetation

Outlook

- Continuing intensive price pressure
- increasing dynamic the European market - repositioning of competitors due to changing business conditions (expiry of the sugar market regime)
- Open Decision in some countries relating to coupled subsidies for cultivation



Quotation

For raw sugar & white sugar

January 2006 – May 2014 (USD)





STARCH



— Segment Starch

Market environment

- Starch: stable demand for cereals and maize
- bioethanol
 - PLATTS-quotation of bioethanol on historic low level
 - Decreasing political support for a consistent pursuit of the blending quota goals for biogenic fuels
- Isoglucose: Price reduction parallel to sinking sugar prices

Distribution:

- Positioning of AGRANA in the starch segment as a “full-provider” (Portfolio expansion by wheat starch)
- Sales success in the market for specialty products such as infant formula, modified starches and maltodextrins
- by-products: higher sales with feed commodities



— Segment Starch

Raw materials

- Rising global inventories of wheat and corn
- Increasing volatility in agricultural stock exchanges
- Decrease in starch potato production within EU
- 2014 discussion of coupled compensation payments for starch potatoes

Outlook

- Uncertain market environment, political conflict in Ukraine and unfavorable weather conditions in the U.S. lead to rising commodity prices
- Despite large increases in competition nearly stable or slightly decreasing contracts at potatoes
- sustained competition and price pressure in central Europe



Price development of cereals

Wheat & corn (Paris)

January 2006 – May 2014 (EUR)





FRUIT



— Segment Fruit

Market environment

- Global demand for the fruit preparation is growing by 2-3%
- Growth primarily in North America and Asia
- fruit juice concentrate: further concentration on the customer side by merger (Refresco-Gerber)

Distribution

- Increase of fruit preparation volume and thereby gaining market share in Europe (despite a declining market)
- Success in the field of specialties at AUSTRIA Juice (fruit wines, tailor-made fruit juice raw materials)
- North America: increase of earnings in fruit preparation



— Segment Fruit

Raw materials

- Little price volatility in the fruit markets
- 2014 favorable growth conditions

Outlook

- Danone CDN: Transfer of amounts of own production into the new U.S. AGRANA plant
- increasing sales activities in South East Asia
- Political situation Ukraine/Russia → macroeconomic effects (political risks, inflation, exchange rate, etc.)



Sugar.
Starch.
Fruit.

CURRENT ISSUES



— Investment priorities

- Construction of 4. US preparations plant
- **Logistics and quality focus in the sugar segment**
 - packaging machines (Hungary/Romania)
 - icing sugar bagging (Austria)
 - cube sugar production (Austria/Hungary)
- Molasses desugarization **Tulln**
- New production line in fruit preparations plant **Dachang (CN)**





Construction of a new US facility

— Fruit preparations

- AGRANA currently operates three North American production sites in Botkins|Ohio, Centerville|Tennessee and Fort Worth|Texas and has its head office and New Product Development center in Brecksville|Ohio
- Expanding market presence in North America by constructing a fruit preparation plant in **Lysander | NY** (Northeastern region of the US)
- Total investment amounts to around **€ 30 million**
- New production capacity of **45,000 tonnes** annually
- US market offers **strong growth** thanks to a trend toward Greek yoghurt
- New facility will serve as a response to **rising customer demand** in **Canada and the Northeastern Region** of the US



— Molasses desugarization plant Tulln

- Modification with so called „Coupled Loop“ technology
- Processing capacity of molasses increased from 66,000 t to 85,000 t per year
- After the conversion 35,599 t of sugar and 8,713 t of betaine molasses can be generated
- Expected net savings respectively additional revenues of 5.5 million € per year
- Investment: 8.5 million €

AGRANA Research & Innovation Center Tulln



- Objective: Bundling of all F&E activities in Tulln
- Synergies in crossdivisional research topics Fruit/Starch/Sugar: Clean Label / Nutrition / Sweeteners / Flavors
- Synergies in administration / back office / library / promotions
- Location Tulln ->Networking with other research institutions (IFA-Tulln)
- ~ 60 employee
- Investment rd. 6 million €

1,300 m² new building
– 450 m² pilot
– 850 m² Laboratory and
office space





— China

- Expansion fruit preparations plant in Dachang:
 - Additional production line to cover market growth
 - Launch planned in the financial year 2015|16

Development of production amounts in China:

2011|12: 5,300 t

2012|13: 8,100 t

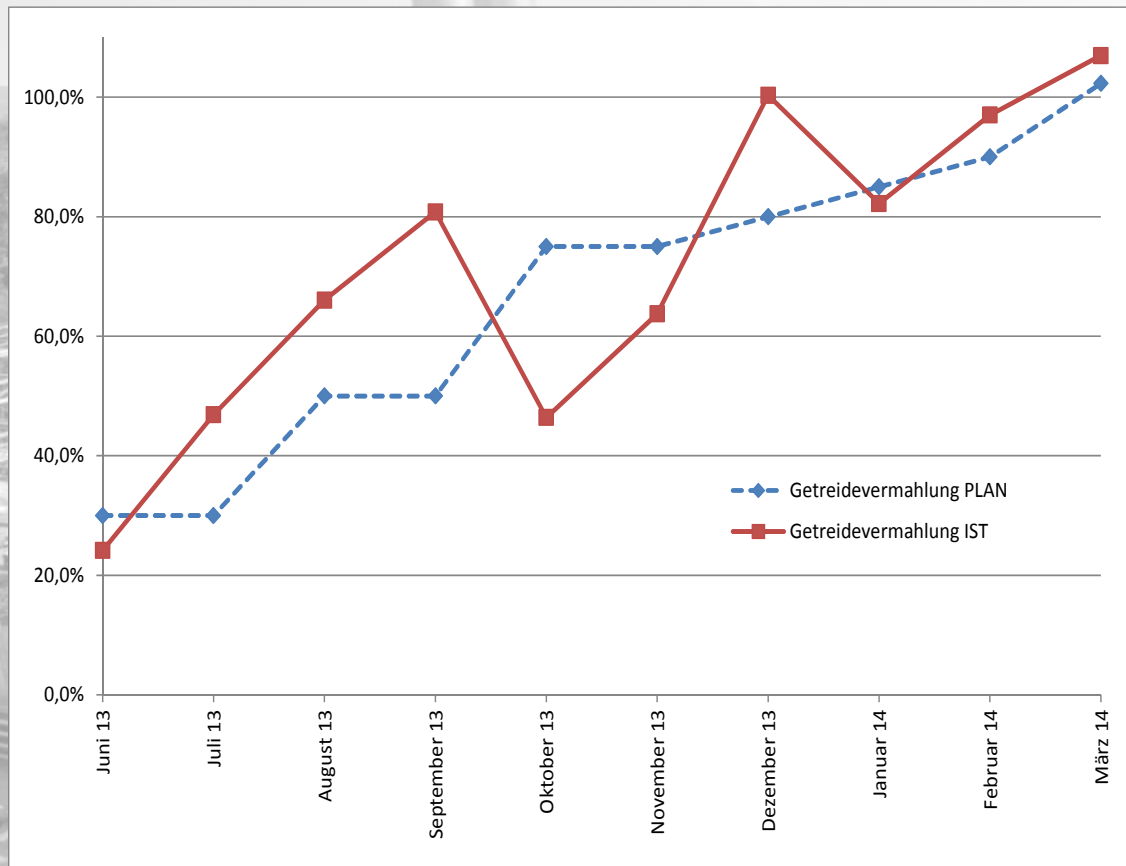
2013|14: 12,000 t

2014|15: 13,200 t

Planning 2018|19: 20,000 t



Wheat starch plant Pischelsdorf



- Commissioning phase successfully completed
- Plant at full capacity and achieves the agreed performance parameters
- Production March:
- wheat milling : 22,713 t
starch production: 7,164 t
gluten production: 1,682 t



— Sustainability measures

Energy efficiency

- With low-temperature dryers in Tulln and Leopoldsdorf in financial year 11|12, reduction of emissions of around 59,000 t of CO₂-equivalent.
- Substitution of around 71% of primary energy need in the campaign 13|14 at the sugar factory Kaposvar|Hungary by own produced biogas
- Preparations for the introduction of an certified energy management system
 - ISO 50001 certification for austrian locations in autumn 2014



Sustainability in the segment fruit

- Fruit preparations in Australia & Mexico – Replacement of refrigerant compressors (cfc-free refrigerant)

Outlook AGRANA Group 2014|15 FY



- Slight decrease in share of revenue and of the result
 - Price-driven revenue reduction than in previous years
 - No relaxation of the market situation in the sugar segment
 - However, stable starch business and growth in the fruit sector
- **Total investment** in the three segments, at **about € 96 million**, will be in line with the rate of depreciation



THANK YOU FOR YOUR
ATTENTION



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